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ILLINOIS COMMERCE COMMISSION

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Staff Report
Uniformity Proceeding
July 6, 2000

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I. Summary

In March 1999, each of the state's nine electric utilities filed several tariffs related to the offering of delivery services. The Commission approved the tariffs, with modifications, in August 1999. An issue common to the delivery services proceedings was whether all utilities ought to be required to implement substantially similar delivery services tariffs. Multiple parties testified in favor of uniform or "pro-forma" tariffs, and one party, the Illinois Industrial Energy Consumers ("IIEC"), proposed alternative delivery services tariffs that the IIEC testified should be adopted in place of the tariffs proposed by the utilities.

In its orders, the Commission declined to adopt the IIEC tariffs or to order that utilities conform their delivery services tariffs to a statewide standard. However, the Commission also stressed the importance of uniformity to the development of competitive electric markets (see, e.g., Commission Order, Consolidated Dockets 99-0119 and 99-0131, p. 112 and Docket 99-0121, p. 162.). The Commission indicated that a proceeding would be initiated to pursue the objective of uniformity, through both formal and informal processes. The Commission directed Staff to lead the uniformity effort (see, e.g., Commission Order, Consolidated Dockets 99-0119 and 99-0131, p. 112).

Pursuant to the Commission's direction, and after consultation with and agreement from interested parties, Staff has developed a plan, described herein, for conducting the uniformity proceeding over the next 12 months. The purpose of the proceeding will be to conduct an examination of the provisions of the existing delivery services tariffs to determine which of the provisions ought to become standardized across utility service territories. Increasing the amount of uniformity among the tariffs will promote maximum understandability of the tariffs, and will thereby enhance the prospects for the establishment of a vibrant and efficient competitive market.

Staff emphasizes that the purpose of the proceeding will not be to develop "pro forma" tariffs that all utilities would be required to use in place of their existing tariffs. Staff continues to believe that the development and use of pro forma tariffs is a desirable long-range goal. However, Staff also has the opinion that the best way to proceed in the short term (i.e., within the next 12 months) is to review only the tariff provisions that the parties have nominated for review.

The uniformity proceeding would have two phases, each of which would be followed by the utilities filing revisions to their delivery services tariffs.

In the first phase, which would take place during the period June 2000 through (approximately) October 2000, parties would work in conjunction with one another and

with Staff, through an informal workshop process, to identify a list of issues that all parties believe could be resolved through settlement and to develop settlement tariff language for the Commission's consideration. Staff believes that as many as one-third of the list of issues that appears in Appendix 2 could be the subject of settlement among the parties. The agreed tariff language would be presented to the Commission in a draft interim order. The interim order would implement the settlement as to those issues in which the Commission was in agreement, and require the electric utilities to make the tariff changes that had been agreed upon. The interim order would also outline those issues which were to be litigated in the next phase of the proceeding.

Following the "settlement" phase of the proceeding, and the entry of the interim order, utilities would file revisions to their tariffs that would become effective January 1, 2001 conforming their tariffs to the Commission's interim order. Hearings would then be conducted in the second phase (the "non-settlement" phase) on a schedule established by the assigned Hearing Examiner. The primary purpose of the hearings would be to determine whether certain delivery services tariff provisions ought to become uniform across service territories. The issues to be litigated would be drawn from the list of issues in the Appendix. The non-settlement phase would conclude in Spring 2001, and any tariff revisions ordered by the Commission would become effective in June 2001. Reserved for litigation in this second phase of the proceeding is the issue of how the Commission should address any arguments as to rate or revenue requirement adjustments electric utilities might seek as a result of the tariff changes they are ordered to implement at the close of this proceeding.

It is important to keep in mind that the electric utilities will file residential delivery services tariffs sometime around the close of the second phase of the recommended proceeding, which residential delivery service tariff filings may necessitate an overall determination of the revenue requirements for delivery service. A sample schedule for the proceeding appears in Appendix 1.

II. Delivery Services Tariffs

The tariffs related to delivery services generally include the following: The tariff applicable to retail delivery services customers (the "Customer" tariff); the tariff applicable to Retail Electric Suppliers (the "Supplier tariff"); the Power Purchase Option tariff required by Section 16-110 of the Act; the "Partial Requirements" tariff, which specifies the rates, terms, and conditions applicable to customers who wish to purchase power and energy from both a Retail Electric Supplier ("RES") and the host utility; the Transition Charge tariff, which specifies the terms and conditions under which utilities may collect transition charges; the single billing tariff required by Section 16-118(b) of the Act; and, the "Default Service" tariff, under which utilities provide power and energy to customers in situations in which customers have no other source of supply. Provisions of each of the tariffs will be reviewed in the uniformity proceeding.

III. The Issue List

Appendix 2 contains a list of issues that one or more parties have stated should be under consideration in the proceeding. The list was developed during the course of multiple workshops in which parties were offered the opportunity to offer suggestions for inclusion on the issues list. The majority of the items on the list were included through consensus, although it was often the case that a party would note that their agreement that an item might be a legitimate uniformity topic would not also necessarily mean that it would agree that the item ought to be made uniform. When issues were proposed that could not be resolved by consensus, Staff made the final decision as to whether an issue should be included on the list.

With respect to non-consensus issues, Staff would like to draw the Commission's attention to issues that Staff recommends be included on the list of issues, even though the resolution of the issues may occur through discussions or proceedings held outside of this proceeding. These issues are two single billing issues concerning the utility charges that appear on a RES's single bill (Items Nos. (5) and (6) under "Single Billing Issues"); an issue connected with the adjustment to the market value of power and energy (Item No. (1) under Market Value Issues); and, energy balance issues (Item No. (17) under "Customer/Supplier Tariff").

In Staff's opinion, each of these issues are important to customers and suppliers and are (or, in the case of market value adjustments) may be applicable to each electric utility, and therefore belong in a uniformity proceeding. Staff thus recommends that these issues be included in the list of uniformity issues to be resolved in this proceeding, if only to highlight their importance for the development of competition.

It should also be noted that several parties stated at the workshops their belief that one or more of the items set forth on the issues list, while possibly appropriate for settlement discussions, would be beyond the authority of the Commission in terms of an order resolving contested issues on the basis of administrative litigation.

The issues listed in Appendix 2 are grouped by tariff, but the issues can be grouped in alternative ways that show where parties have uniformity concerns. The issues can be divided into these primary areas:

1. Customer and supplier acquisition of customer transition charge and usage information
2. Power Purchase Option issues
3. Single Billing issues
4. Format and structure of tariffs
5. Energy Imbalance and other FERC tariff issues
6. Market value of power and energy issues

That issues from each of the delivery services tariffs will be reviewed indicates that competitive choice and uniformity issues extend beyond the delivery of power from alternative suppliers to customers.

IV. Workshops

Staff recommends that the order initiating this proceeding contain a directive that the parties engage in workshops prior to the testimony and hearing phase of the proceeding. Workshops have proven to be an especially effective means of obtaining agreements between the parties that can be offered to the Commission for review. Staff anticipates that workshops held in this proceeding would achieve similar results.

Conclusion

There is already a substantial amount of uniformity in the tariffs related to the offering of delivery services, but much more uniformity is possible and desirable. In Staff's opinion, a higher degree of uniformity will be conducive to the long-run development of the electric market in Illinois.

Report completed by:

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Appendix 1

Proposed Schedule

Order initiating proceeding	June-July 2000
"Settlement" Workshops	June 2000-October 2000
Utilities file tariff revisions	November 1, 2000
Commission enters interim order and litigation begins	December 1, 2000
Effective date of tariff revisions	January 1, 2001
Commission issues order	April 2001
Utilities file tariff revisions pursuant to order	June 2001
Utilities file residential delivery services tariffs	Summer 2001
Residential delivery services tariffs become effective	May 2002

Appendix 2

Uniformity Candidates List

Transition Charge Tariff Issues

1. How are customers provided with their initial Customer Transition Charges ("CTCs") and subsequent updates thereto?
2. How and where is the class of customers with individual CTCs defined?
3. How quickly and by what procedures can customers and suppliers receive CTC information?
4. Should utilities be required to provide, upon request, the underlying calculations supporting customers' CTCs? If so, should they be required to do so in a uniform manner?
5. Should customers be permitted to see all of the underlying information supporting the calculation of their CTCs? If so, should customers be permitted to share the information with others?

Market Value Issues

1. To the extent that utilities are using the same or similar source information for market values, should the use of, and adjustments to, the information be uniform?
2. How should approved adjustments to the market value of power and energy be implemented (e.g., through formulae in the tariffs with periodic updates filed with the Commission Staff, through numerical values representing the results of such formulae approved by the Commission being included in the tariffs, or both)?

Terms and Conditions of the Single Billing Tariff

1. Should Retail Electric Suppliers ("RESs") have a choice of whether to guarantee payment to the utility of a customer's delivery services charges?
2. Should RESs be required to place the utility's logo on the RES's delivery services bill?
3. What restrictions, if any, should be placed on the formats of SBO bills?
4. What are the remittance schedule(s) for SBO bills?
5. Must RESs include unpaid balances for bundled service on single bills?
6. What should be the posting order of single billing remittances (e.g., oldest balance first)?
7. What costing principles should be used to compute the Single Billing Option credit?

Default Service

1. What are the basic terms and conditions of default service?
2. Under what conditions are customers eligible for Default Service?
3. What is the name or title of "Default Service?"

Customer/Supplier Tariff

1. What standard definitions should be included in delivery services tariffs?
2. Is there a term requirement for delivery service? If so, what is the term requirement?
3. What contracts must customers sign to take delivery services?
4. Through what procedures should customers and suppliers be able to acquire customer-specific historical information? What specific information should be available?
5. Should there be a uniform electronic means to obtain customer information?
6. Should there be a fee for providing customer information? When should it be paid?
7. What should be the minimum term for customers returning to bundled service?
8. Should there be a minimum notice period for a customer's return to bundled service?
9. If a fee is charged when customers switch to delivery services, should customers or suppliers be charged the fee?
10. What are the terms and conditions of off-cycle switching service(s)?
11. If there is a fee for off-cycle switching service, what should be the fee?
12. Should explicit dispute resolution terms appear in each utility's tariff or Implementation Plan? If they appear, should the dispute resolution terms follow the 98-0680 template?
13. Should the RES credit requirements in each utility's retail rates be uniform?
14. How and when should RESs be provided notice of their customer's disconnection or reconnection?
15. At what level of demand is interval metering required to take delivery services?
16. Should there be uniform implementation procedures when EDI is used?
17. Should utilities offer uniform energy imbalance provisions?

PPO Tariff

1. Should non-firm or curtailable service be offered to PPO customers? If so, what are the terms and conditions of the non-firm or curtailable service that is offered to PPO customers?
2. What are the restrictions on the availability of the PPO tariff?
3. What are the prerequisites for service under the PPO tariff, such as notice requirements or execution of a PPO contract?
4. What are the termination provisions under the PPO tariff?
5. What is the length of the term of service under the PPO tariff?
6. Should all of the requirements for commencement of service under the PPO tariff (including the timeline for notice and the submission of DASRs) be specifically outlined?
7. Should fees be charged for PPO assignment? If so, what are the fees?
8. Is PPO service available to customers who have a CTC charge of zero either prior to the initiation of PPO service or during the term of a PPO contract? If not, how are

customers taking PPO service terminated from that service when their CTC charge drops to zero?

Partial Requirements

1. What are the allowable methods for splitting loads?

Other Tariff Issues

1. What bundled and delivery services tariffs information should be available on each utility's web site? How often should the tariffs updated?
2. What is the availability, to customers and their representatives, of information on a utility's website as to current tariffs and other information necessary to compute a customer's delivery services bill?
3. How should suppliers be notified of changes in (a) tariffs and (b) non-tariffed terms and charges?
4. Who is the transmission customer, the retail customer or the customer's RES? Should the RES or the retail customer be responsible for transmission bills?
5. Should RES and CSM registration procedures be uniform?
6. What are the terms and conditions on which delivery services should be made available for standby load?
7. Which tariffs contain references to the Terms and Conditions of other tariffs? Should tariffs have a standard structure, organization, and section layout within each tariff? Is there a standard structure and layouts of rates within the rate book?